“An Analytical Study of Financial Management of Zillha Parishad Nanded”

A synopsis Submitted

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Research Guide

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1. Introduction

“The word finance has become blood of all organisation whether it is business organisation or non-profit organisation.”-Anonymous

As rightly quoted, finance has now become an organic function and inseparable part of our daily lives.It exists everywhere, be it production, marketing, human resources or undertaking research activity.So managing finance has got its utmost significance in recent times and the term “Financial Management” came into existence. Financial management refers to the efficient and effective management of finance (funds) in a way so as to fulfill the objectives of the organization. It has become special part of top management in organization.

Financial management has become important aspect of organisation in growing competition for expansion. With the increasing pace of industrial revolution,advancement in technology and globalisation during 1980, the term financial management emerged as a fundamental theory that can be followed in every sector.It was evolved indifferent phaseslike, Traditional,Transitional and modern phases.Nowadays MNC,Big corporate and Government organisation have been giving special importance to financial management due to cut-throat competition.

After India has got independence ,thw central government started decentralisation of democracy; for this decentralisation the central government had appointed a committee headed by Mr.Balwantrai Mehta. Mr.Balwantrai Mehta committee suggeseted a Three Tier Panchayatraj

System and according to the recommendations of the committee in india ffirst of all Nagor district of rajasthan adopted and strted the Panchayatraj System in Octomber 1959.

Maharashtra State is formed on 1st may 1960;according to committee headed by Mr.Vasantrao Naik , Revenue Minister of Maharashtra State of that time ,recommended that Maharashtra State should also adopt Three tier Panchyatraj system.On the basis of recommendations of Vasantrao Naik committee,Maharashtra government has passed Maharashtra Z.P. and P.S. Rule 1961 and from 1st May 1962 Three tier Panchyatraj system came into existence.

All the functions i.e. administrative and Financial of this Panchyatraj System are conducted according to the (1)Maharashtra Zillaha Parishad and Panchyatsamittee Account code 1968 (2) Maharashtra Z.P. and P.S. Rule 1961 (3)Maharashtra Treasury Rules 1968 (4)Mumbai Grampanchayat Rules 1958 and (5) Other government resolutions declared by the Central government or State government from time to time.Zilla Parishad is a government organization and apex tier of Panchayat Raj System working at District level. It has wide jurisdiction of the development work. The various Rural Development Works are carried at the Villages, Gram Panchayats, Block or District levels and are planned, implemented, monitored and maintained by the ZillaParishad. The Z.P. at the district level is responsible for the development and welfare works carried through the central, state share and its own funding.So it is very important for ZP to raise funds from various possible sources and use it in desired way so as to accomplish various developmental and social objectives in interest of entire district.

India's economy is based on agriculture. Major population inhibits almost 70% live in rural areas and the rest 30% in urban area. Government runs administration of rural area through Panchayat Raj system and urban area through Municipal Corporation. As per the guidelines of Indian

constitution, we have adopted three tier Panchayat Raj system. This system's has the three layers that are, Zilla Parishad at topmost level, PanchayatSamittee at middle level, and Gram Panchayat at bottom level. These three basic institutes are interdependent and all the basic administration of rural areas are run by the government through these tiers. The main works carried out by Panchayatraj system are in the areas like, internal roads and footpaths, water supply,water conservation, primary health centres, veterinary clinics,primary and secondary schools,Aanganwadis,and irrigation, etc.These works can not be done without proper finance,these programmes can be successfully accomplished by sound financial planning only.

The various works that Panchayati Raj do are given below:-

- Promote People's Participation in Rural Development programmes;
- Provide Responsive Administration based on the concept of 'Democratic Decentralization'.
- Act as a medium of Social and Political change.
- Facilitating direct, representative and participative democracy and Social Mobilization at local levels.
- Prepare Plans for Development and assist in their implementation.
- Representations for weaker sections
- Gram Sabha – Direct Democracy

2. Review of Literature:

There are number of studies on Panchayati Raj in India covering numerous problems highlighted by the Government or the Researchers or the scholars. The main findings and its conclusions of different studies have been reviewed in the following paragraphs.

V.G. Nandedkar (1972) established that the Zilaparishad in Maharashtra as a system of local planning and rural development, should be provided with adequate financial resources particularly, of its own resources. The achievement of the ZillaParishads in Maharashtra depends on its financialsources and strength. He also revealed that in a developing country the largest share of Government Grants in total receipts of ZillaParishads is inevitable and natural phenomena.1

A.Y. Darshankar (1976) in his researchstated that the success of Panchyat Raj largely soleydepends on the commitment of its leaders. Further, he concludes that the Panchayt Raj institutions are unsuccessful to provide the required amenities and benefits to the common people but, the Panchayati Raj institutions have brought new changes in various fields. He also concludes that Panchayati Raj institutions will function for the betterment of rural masses and realize the ideals of self-government, efficiency and welfare of the rural people.2

Raravikar (1986) in his researchtitled "ZillaParishad Finances : A Case study of NashikZilaParishad" concluded that for optimum utilization of ZillaParishads meager resources the ZillaParishads should follow the broad principles of programed budgeting and performancebudgeting. He further concludes that the ZillaParishad administration is engulfed in corruption, scanty stream of their resources, and unless these leakage's are cemented any amount

of increase in resources would not improve and strengthen the financial position of the Zilla Parishad,3

Ghadge N.Y. (1995) gives a detailed account of the meaning, role and importance of the local self- government, sources of municipal revenue,structure of the municipal revenue, trends in municipal revenue, arrangement of municipal expenditure and trends in municipal expenditure. He also states that the "Finance is always considered to be 'the life-blood' of any local bodies". He also presides over the matter that finance and personnel are the two outstanding factors essential for effective functioning of local self-government. He suggests that there is a dire need for competent personnel and adequate finances.4

Bhairat B.P. (2000) in his study "Financial management of ZillaParishad: A comparative analysis of Sangli and Aurangabad ZillaParishads" highlights the sources of the ZillaParishads. His crucial finding are that thegovernment grants are the most dominating sources of ZillaParishads. The loans and advances add to the financial sources of ZillaParishads income. In his study he has suggested the necessity of new act for the regulation of Panchayat Raj Institutions. The priorities should be given to the development programs or schemes which will add to the revenues of ZillaParishads. He has also pinpointed the need of simplification of working process of ZillaParishads, training to the local leaders for effective planning and controlling over expenditure. He also suggested the need of Panchayat Raj Finance Corporation to bring perversion in the rural developments.5

Khanna R.D. (1956) in his study entitled 'Panchayati Raj in India' highlighted that Panchayati Raj Institution has been facing so many problems like inadequate financial resources, illiteracy

of masses, class consciousness, credulity, Political conflict and limited financial and administrative autonomy in grass-root democracy.7

Henry Maddick (1970) in the book entitled 'A study of rural local government in India' has revealed that a true picture, of the Panchayati Raj finances would be possible only when the revenue and expenditure patterns of the three-tier system in each district is integrated in a single financial map.8

L.M. Singhvi Committee (1987) suggested that PRIs should have more financial resources and that there should be judicial tribunals in each state to adjudicate controversies about election to these institutions, their dissolution etc. Further he suggested to vest Panchayat Raj with a constitutional status.9

3. Objectives of Research:

The final goal of the zillaparishad, isself-sufficiency and actively participating local people in the development of rural areas. Looking at this point, the study focuses on the following principal objectives:

1. To study the history, organisation,working and growth of ZillaParishad in India and Maharashtra. And to evaluate the roles of various boardsofZillaParishad.

2. To analyse the existingpattern in revenue and the expenditureof ZillaParishad.

4. To study the disparities between the projectedspending and the real expenditure ofZillaParishad.

5. To analyse the impact of various social and economic activities over the people who comes under the purview of Nanded Zilla Parishad.

6. To examinethe types of Grants, its availability and utilization offered to ZillaParishad.

7. To suggest ways and the effective measures to boostZillaParishad finances for the efficientoperational of the NandedZillaParishad.

Thus, thestudy emphasizes on the pattern of revenue and expenditureof ZillaParishad, its trendsand growth rates.

4. **ProposedHypothesis:**

Since, the accessibility of adequate funding is directly associated tothe development of the rural civic, there is a need of detailedresearchof financial management policies and strategies of ZillaParishads,especially in Maharashtra. But, looking at the vast task, the NandedZillaParishad will be considered as a case study. Accordingly, following hypothesis has been framed,

1. Revenue resources areinadequate compared to the demand of the NandedZillaParishad.
2. There is insignificantself-raised resourcecontribution to the total receipts of NandedZillaParishad.
3. NandedZillaParishad in all is effective in balancing the total and the administrative expenditures.

5. Selection of NandedZillaParishad:

Out of 34 ZillaParishadas in Maharashtra,the NandedZillaParishad,is selected for this study on the parameters like, droughtprone area, water shortage, agricultural belt, low literacy rate, active political segment, rich historical value, etc.

6. ResearchMethodology:

The study will be based mostly on the secondary data, the figures and facts collected from the annual reports,office records, statementsof audited finances, budgets etc. In addition to this, a literature review will be also broadly studied and the theoretical concepts will be studied. For this research, reports, books, thesis, journals, number of articles on this subject will been uses for referring and analyzing. This secondary data collected will berepresented in the various tabular form or graphs, pie-charts, etc. and thus the hypothesis will be studied. Analysis will be made through statistical tools as well as techniques like,growth rates, percentages, count-tables, averages, etc.

7. Importance of study:

From the above discussion, it is seen that financial resource is the main life blood for anyZillaParishador local self-government organizations. The ZillaParishadaccomplishes various functions that promote healthy living and well-being in their respective districts. Hence, it is providing adequate resources is essential to the ZillaParishads. Howeverunfortunately, the finance are revenue centralizedthan its expenditure, and thus, this vital gapbetween the two becomes an area of study. The rural local bodies showing the picture of their finances are verydiscouraging one. The key ratio of local resources with the total resources is a reasonably minor and so the zillaparishads largely depend on Government grants, which further make rural bodies dependent on the state government for their survival. Hence, there is a need of in-depth study on Panchayat Raj bodies, their financial sources, itsuses, and taking steps for financial management which can help them boost performance than the present scenario.

8. Proposed Structure of Study:

This study is divided into two parts:-

The first section analysis of the finances of the NandedZillaParishad. In this part analysis of financial revenue and expenditure will be done using published secondary data. Necessary secondary data will be collected from many State Government Documents like,

i) Annual Reports published by NandedZillaParishad

ii) Reports of First Finance Commission of Maharashtra Finance Commission as well as other States of India

iii) Budget Documents of Government of Maharashtra

iv) Monthly Bulletin Analysis of the ZillaParishad

v) Public expenditure pattern documents that is, Revenue and Capital Expenditure Income of the NandedZillaParishad

vi) Collected data will be tabulated and analysed with necessary tools.

Second section of the study will be to analyze impacts of public expenditure programs on the social and economic life of the civiliansof the district. The necessary data will be collected by undertaking survey method.

9. Chapter Scheme:

Ch.1 - Introduction

Ch.2 - Review of Literature

Ch.3 –Study Area outline- Nanded district

Ch.4 - Panchayat Raj Institutions overview

Ch5 - Revenue and Expenditure Patterns and Trends ofMaharashtra ZillaParishads

Ch.6–Analysis of Revenue and Expenditure ofNandedZillaParishads

Ch 7- Social schemes and Grants for ZillaParisha

Ch 7 – NandedZillaParishads working Committee and their functions

Ch 8 - Conclusions and Suggestions

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18 Maharashtra Treasury rules 1968

Signature Signature

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Research Scholar Research Guide